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TAGS: [PREL](#) [AMGT](#) [AORC](#) [UN](#)
SUBJECT: PROTECTING U.S. EQUITIES ON UN SCALES OF ASSESSMENT

REF: A. USUN 518
[1](#)B. USUN 562
[1](#)C. USUN 655
[1](#)D. USUN 663

1.(U)This is an action request, please see paragraph 8.

[1](#)2. (SBU) Summary: During the 64th General Assembly this Fall, Member States will again negotiate the scales of assessment, for both the regular and peacekeeping budgets, as well as the 2010/2011 regular budget. The scale of assessment for the regular UN budget is negotiated every three years, while the scale for the peacekeeping budget is negotiated every six years. This will be the first time in nine years where both are negotiated simultaneously. The regular budget scale is the basis for the calculation of the peacekeeping scale, and changes to the regular budget scale will affect the peacekeeping assessment. Any changes to the scales will have implications for two core U.S. issues: the U.S. share of both the regular and peacekeeping budgets and, indirectly the overall size of the regular budget. In regard to the regular budget scale, our objective is to maintain the 22 percent cap in place since 2000. In regard to the peacekeeping budget scale, our objective is to maintain our current peacekeeping assessment. Proposals to modify the peacekeeping scale could open up the issue of the regular budget scale-potentially putting at risk the 22 percent cap. Moreover, as a political matter, efforts to change the status quo could complicate the parallel discussion on the 2010/2011 regular budget, where we will be seeking to limit its growth.

[1](#)3. (SBU) In order to protect USG equities, the Mission will require technical expertise to address the various models/proposals put forward as well as to assist in developing our own models/proposals. Given the dollar amounts at stake and the precedent of Congress imposing caps on the regular and peacekeeping budget assessments, Congress will also be particularly sensitive to the implications of any changes in the scales or the budget. The Mission also will require support from the Department with other capitals to ensure a successful conclusion of these negotiations. END
SUMMARY

Implication of Changes in Scale

[1](#)4. (SBU) In 2006, the US fended off efforts, primarily by the European Union (EU), to raise the 22 percent ceiling on the US regular budget assessment established in 2000. During the First (March) Resumed session of the 63rd General Assembly, the EU introduced ten new models for possibly revising the regular budget scale, including one that would lift the 22% ceiling on the US assessment. The G77 also introduced a number of models, including one that would raise the ceiling

from 22 percent to 25 percent. Moreover, the UK and France have raised the possibility of making changes to the peacekeeping scale that could potentially increase the U.S. peacekeeping assessment to 28 percent. (See Reftels) Based on preliminary analysis, we anticipate the USG's percentage under the peacekeeping scale will increase even if the existing scale on the regular budget is maintained, raising the peacekeeping scale for the US from about 26 percent to about 27 percent. While seeking to work with our G7 colleagues, the US will need to negotiate carefully with them on these matters without antagonizing the G77 who, through their numbers, will have a major role in defining the final outcome. This will require diplomacy in New York and also high-level outreach in capitals.

Need for Technical Support

¶5. (SBU) In order to maintain the 22 percent cap and deflect proposals that unacceptably increases our peacekeeping assessment, USUN will need expert assistance to fully address the technical aspects of the different proposals advanced by Member States. In October 2006, in response to proposals from the EU and others to revise the scale methodology and to prepare the U.S. for the scale negotiations, USUN engaged a private contractor to provide expert assistance. The highly technical and complex nature of the scale of methodology model requires construction of a statistical model that incorporates economic data from 192 member states. The principal measure is a country's world share of GNI, as averaged over a statistical base period of 3 and 6 years. However, the methodology requires other inputs, e.g. per capita income, conversion rates based on market

exchange rates, debt burden, etc. In 2006, USUN and IO informally surveyed various entities within the USG, in an effort on an urgent basis to identify an appropriate USG expert, without success. Given the short time frame imposed at the time by the negotiations, the Mission broadened the search to the private sector. Through informal channels, the Mission identified one company, Katzenbach Partners, who could provide the necessary assistance. A contract was entered with the company in November 2006 on a sole source basis.

¶6. (SBU) USUN believes that the required expertise may exist within the USG. If not within a single agency, a joint initiative, for example through establishment of a task force consisting of statistical/ economic experts from various government offices e.g., the Office of Management and Budget, the Department of Treasury, may be able to be formed. If utilizing USG expertise on an expedited basis is not practical, a private contractor may need to be engaged as was done previously.

Congress Engagement

¶7. (SBU) Given the political sensitivity regarding changes to the scales of assessment, Congress needs to be engaged early on these issues in order to avoid surprises that could prompt challenges and limitations.

¶8. (SBU) Action Request: USUN recommends that the Department seek to identify on an expedited basis the needed expertise within the Department or more broadly within the Executive Branch to assist the Mission's team on the scales negotiations. If such assistance is not available, USUN recommends that the Department authorize the Mission to engage an outside contractor on an expedited basis to provide such assistance. USUN also recommends that the Department develop a strategy for engaging Congress on this issue and prepare to engage at high levels key capitals to support these scales of assessment negotiations.

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